



**BRIEFING: OCTOBER 6, 2015 BOARD MEETING AGENDA ITEM #3**

**TO:** Chairman Richard and Board Members

**FROM:** Jeff Morales, Chief Executive Officer

**DATE:** October 6, 2015

**RE:** Update on the Request for Expressions of Interest for the Delivery of an Initial Operating Segment and Outline of Next Steps

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**Background**

In the California high-speed rail enabling statutes, the Legislature found and declared that, “upon confirmation of the need and costs by detailed studies, the private sector, together with the state, can build and operate new high-speed intercity rail systems, utilizing private and public funding.”

As such, since its inception the California high-speed rail program has been envisioned to be delivered, maintained, and operated, in part, through a public-private partnership model. To advance the program and the development of this model, the Authority has engaged in discussions with representatives of the private sector for several years. With the Legislature’s continuous appropriation of Cap and Trade funds for the high-speed rail program in 2014 (SB 862), the Authority concluded that this was an appropriate time for a more formal consultation with the private sector because this new and continuous funding stream, combined with previous appropriations of state funds and federal grants, has opened the door for significant private sector engagement, including financing, to be part of the package for the future procurements.

**Prior Board Action**

At the August 2014 Board of Directors meeting, the Board passed Resolution #HSRA 14-19 providing general direction to the staff regarding the expenditure of appropriated proceeds from the Cap and Trade program. Following that direction, the staff worked to find ways to utilize the funds to accelerate delivery of the program.

Over the past two years, staff has engaged in discussions with over 30 private sector firms or groups of firms interested in participating in a range of program delivery activities, from providing trainsets and signaling systems, to building the infrastructure and financing the project.

In May 2015, staff presented a plan to the Board to formalize feedback from the private sector on potential delivery strategies by releasing a Request for Expressions of Interest (RFEI) for the delivery of an Initial Operating Segment (IOS). Staff explained that the RFEI is not a formal

procurement but is instead a means for the Authority to gather practical feedback from the private sector, based on their experience and expertise, on how to structure upcoming procurements to achieve the Authority's goals. No contract will be entered into as a direct result of the RFEI process. After extensive discussion at the Board meeting, staff released RFEI #HSR15-02 on June 22 seeking feedback from the private sector on the delivery of an IOS. The Authority asked for respondents to submit their expressions of interest (EOIs) by September 28.

### **Next Steps**

The RFEI process is ongoing. Over the next month, staff will hold one-on-one meetings with respondents to discuss their EOIs. These meetings are intended to provide an opportunity to probe and clarify issues and to gather additional information to help the Authority determine the most appropriate method for delivering an IOS. The outcome of these discussions could lead to the Authority developing a procurement for the delivery of an IOS. Staff will continue to update the Board over the coming months to provide a summary of what information has been garnered through these meetings and to discuss a potential path for moving forward on the program. Based on the submittals and the one-on-one meetings, the Authority could potentially update the business model in the 2016 Business Plan.

### **Attachments**

- Resolution #HSRA 14-19
- May 2015 Board Meeting Agenda Item #4 Presentation
- RFEI #HSR15-02
- List of submitted EOIs